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Resolution adopted by the General Assembly

[*on the report of the Fifth Committee (A/61/658)*]

61/246. Procurement reform

The General Assembly,

Recalling its resolutions 54/14 of 29 October 1999, 55/247 of 12 April 2001, 57/279 of 20 December 2002, 58/276 and 58/277 of 23 December 2003, 59/288 and 59/289 of 13 April 2005, 60/1 of 16 September 2005, 60/260 of 8 May 2006, 60/266 of 30 June 2006 and 60/283 of 7 July 2006,

Having considered the addendum to the detailed report of the Secretary-General on investing in the United Nations for a stronger Organization worldwide entitled "Procurement reform",[1] the report of the Joint Inspection Unit on procurement practices within the United Nations system[2] and the note by the Secretary-General transmitting his comments and those of the United Nations System Chief Executives Board for Coordination thereon[3] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[4]

1. *Takes note* of the report of the Secretary-General,[1] the report of the Joint Inspection Unit on procurement practices within the United Nations system[2] and the note by the Secretary-General transmitting his comments and those of the United Nations System Chief Executives Board for Coordination thereon;[3]

2. *Endorses* the conclusions and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions,[4] subject to the provisions of the present resolution;

3. *Stresses* the importance of strengthened accountability in the Organization and of ensuring greater accountability of the Secretary-General to Member States, inter alia, for the effective and efficient implementation of legislative mandates on procurement and the related use of financial and human resources, as well as the provision of necessary information on procurement-related matters to enable Member States to make well-informed decisions;

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[1] A/60/846/Add.5 and Corr.1

[2] See A/59/721

[3] A/59/721/Add.1

[4] A/60/904

4. *Recognizes* that procurement reform is an ongoing process and should focus, inter alia, on ensuring the efficiency, transparency and cost-effectiveness of United Nations procurement as well as strengthened internal controls, greater accountability to Member States and full implementation of General Assembly resolutions on procurement reform;

5. *Recalls* its resolutions on procurement reform, and notes that the report of the Secretary-General focused mainly on strengthening of internal controls and optimization of acquisition and procurement management, with emphasis on urgent internal control issues, and that other procurement reform measures will be presented in forthcoming reports;

6. *Reiterates its request* to the Secretary-General to submit proposals to effectively increase procurement opportunities for and the participation of vendors from developing countries;

7. *Requests* the Secretary-General to submit to the General Assembly at its sixty-second session a comprehensive report on all aspects of procurement reform, including the outstanding reports referred to in paragraph 4 of the report of the Advisory Committee on Administrative and Budgetary Questions,[4] as well as measures taken to implement its resolutions on procurement reform and the status of implementation of recommendations of the oversight bodies;

Staff

8. *Also requests* the Secretary-General to ensure that all staff in the Secretariat involved in procurement activities, including at the senior levels, file financial disclosure statements annually;

9. *Regrets* that the Secretary-General has not submitted proposals related to the issue of conflict of interest requested by the General Assembly in section V, paragraph 9, of its resolution 60/266 at the main part of its sixty-first session, and requests him to do so no later than at the second part of its resumed sixty-first session;

10. *Stresses* the importance of developing and implementing an ethics and integrity programme for the procurement staff, and requests the Secretary-General to complete and issue ethics guidelines no later than June 2007 for all staff involved in the procurement process;

11. *Welcomes* the initiatives of the Secretary-General in undertaking training programmes for United Nations procurement staff, including in the field, and requests the Secretary-General to evaluate their impact and monitor their implementation and to submit proposals on making any further improvements necessary in the training of staff in procurement processes;

Internal controls

12. *Requests* the Secretary-General to further enhance transparency in the procurement decision-making process through, inter alia, the establishment of an independent bid protest system outside of the reporting hierarchy of the Procurement Division of the Department of Management of the Secretariat in order to furnish vendors participating in tenders with a means of disputing procurement-related decisions;

13. *Also requests* the Secretary-General to report to the General Assembly on the specific modalities of the bid protest system and related procedures, including possible legal and financial implications;

14. *Further requests* the Secretary-General to include information, as appropriate, on the bid protest system on the website of the Procurement Division;

15. *Notes* the promotion by the Procurement Division of the voluntary principles of the corporate social responsibility initiative, the Global Compact, within the United Nations procurement framework, and requests the Secretary-General, as appropriate, to report to the General Assembly for further consideration;

16. *Notes with appreciation* that the Supplier Code of Conduct has been promulgated and posted on the website of the Procurement Division with a view to achieving the goal of safeguarding the integrity of the United Nations in procurement activities;

17. *Requests* the Secretary-General to continue to simplify and streamline the vendor registration process, to share responsibilities among the various United Nations organizations and to take into account the different circumstances and varying levels of Internet access in countries and to report to the General Assembly at its sixty-second session, in the context of the comprehensive report, on the results achieved;

Governance

18. *Notes with concern* the possible weaknesses in the control environment with regard to procurement activities owing, inter alia, to the splitting of responsibilities between the Department of Management and the Department of Peacekeeping Operations of the Secretariat, as referred to in paragraph 14 of the report of the Advisory Committee on Administrative and Budgetary Questions;[4]

19. *Requests* the Secretary-General to submit to it at the second part of its resumed sixty-first session a comprehensive report on the following elements:

(*a*) The management arrangements for procurement, including clear lines of accountability and delegation of authority;

(*b*) The findings of the working group established to examine ways in which the organizational structure could be changed to better align responsibility with authority and to improve the overall control environment for procurement for peacekeeping operations;

(*c*) The respective responsibilities of the Department of Management and the Department of Peacekeeping Operations;

(*d*) Streamlined procurement procedures for peacekeeping operations in the field, including specific information on mechanisms for strengthened monitoring, oversight and accountability;

(*e*) The functioning of the Headquarters Contracts Committee and the local committees on contracts;

Procurement opportunities for vendors from developing countries and countries with economies in transition

20. *Also requests* the Secretary-General to explore additional ways to improve procurement opportunities for vendors from developing countries and countries with economies in transition both at Headquarters and in the field and to

report thereon to the General Assembly at the second part of its resumed sixty-first session;

21. *Recalls* section VII, paragraph 2, of its resolution 60/266, and requests the Secretary-General to ensure that information on procurement opportunities at Headquarters and in peacekeeping operations is made available to business communities in developing countries and countries with economies in transition, through, inter alia, continued cooperation between the Department of Public Information and the Procurement Division of the Department of Management, utilizing the United Nations information centres and offices;

22. *Recognizes* the efforts by the Procurement Division to increase the number of business seminars in developing countries, and requests the Secretary-General, in his capacity as Chairman of the United Nations System Chief Executives Board for Coordination, to encourage the organizations of the United Nations system to facilitate, in cooperation with Member States, the organization of business seminars in developing countries and countries with economies in transition;

23. *Requests* the Secretary-General to invite the Inter-Agency Procurement Working Group to continue to study ways and means and recommend concrete proposals to diversify the sourcing of goods and services, in particular from developing countries and countries with economies in transition;

24. *Also requests* the Secretary-General to encourage the organizations of the United Nations system, consistent with their respective mandates, to take further steps to increase procurement opportunities for vendors from developing countries and countries with economies in transition;

Procurement management

25. *Recalls* that the General Assembly has not yet taken a decision on the lead agency concept, and reiterates its request to the Secretary-General to include in his report an assessment of the internal controls of the United Nations organizations and how they differ from those of the Procurement Division;

26. *Recognizes* that the lead agency concept is being developed and that extensive consultations are under way within the United Nations system, and requests the Secretary-General to report to the General Assembly for consideration at its sixty-second session on proposals for the lead agency concept and the status of consultations, including on clear lines of accountability, the applicability of resolutions and decisions of the Assembly, the impact on efforts to improve the diversification of the origin of vendors, possible efficiency gains and cost savings and distribution of resources within the United Nations system, enabling proposed designated buyers to manage larger procurement activities;

27. *Requests* the Secretary-General to continue to encourage all the organizations of the United Nations system, consistent with their respective mandates, to further improve their procurement practices, inter alia, by participating in the United Nations Global Marketplace with a view to creating one common United Nations global procurement website;

28. *Stresses* the need to ensure transparency in procurement throughout the United Nations system, and requests the Secretary-General to ensure that the United Nations Global Marketplace website is fully accessible to Member States no later than 1 June 2007;

29. *Requests* the Secretary-General to ensure that the United Nations Global Marketplace website, inter alia, features lists of companies that register through the Global Marketplace as vendors of United Nations system entities, as well as statistics on contract awards, acquisition plans and procurement notices;

30. *Encourages* the Secretary-General to extend participation and improve the level of collaboration, coordination and information-sharing among the organizations of the United Nations system with respect to procurement activities in order to achieve economies of scale and eliminate duplication of work;

31. *Notes* the activities of the Inter-Agency Procurement Working Group and of the Common Services Procurement Working Group on enhancing the transparency and increasing the harmonization of procurement practices, and requests the Secretary-General, in consultation with the executive heads of the United Nations funds and programmes, to continue work in this regard;

32. *Recalls* section A, paragraph 10, of its resolution 59/288, and, noting paragraphs 65 and 66 of the report of the Secretary-General,[1] requests the Secretary-General to report comprehensively to the General Assembly at its sixty-second session on the principle of best value for money and its implementation in United Nations procurement, including, inter alia, its possible effect on the diversification of vendors and suppliers and on efforts to improve procurement for vendors from developing countries and countries with economies in transition;

33. *Requests* the Secretary-General to continue to develop clear guidelines for the implementation of the best value for money methodology in United Nations procurement and to report thereon to the General Assembly at its sixty-second session;

Other issues

34. *Also requests* the Secretary-General to implement measures to reduce the timeline associated with the payment of invoices;

35. *Further requests* the Secretary-General to ensure that a monthly update of contract award statistics is posted on the website of the Procurement Division;

36. *Requests* the Secretary-General to continue to improve the website of the Procurement Division and make it more user-friendly;

37. *Also requests* the Secretary-General to report to the General Assembly, in the context of the comprehensive report, on the implementation of the provisions of the present resolution;

Resources

38. *Decides* to approve the conversion of twenty positions funded under general temporary assistance to established posts under the support account for peacekeeping operations for the period ending 30 June 2007, as follows:

(*a*) Procurement Division, Department of Management: eleven posts (one P-5, three P-4, four P-3, one General Service (Principal level) and two General Service (Other level));

(*b*) Office of Mission Support, Department of Peacekeeping Operations: two posts (one P-5 and one P-4);

(*c*) Headquarters Committee on Contracts, Department of Management: three posts (one D-1, one P-4 and one General Service (Other level));

(*d*) General Legal Division, Office of Legal Affairs: four posts (two P-5, one P-4 and one General Service (Other level));

39. *Also decides* to approve the conversion of the six positions (one D-1, four P-4 and one P-3) for the Procurement Division funded under general temporary assistance to established posts and an amount of 706,500 United States dollars, representing the balance of the resource requirements for the six posts under the support account for peacekeeping operations for the period ending 30 June 2007;

40. *Further decides* that three of the posts established above (one P-4, one P-3 and one General Service (Other level)) will be designated to the Vendor Registration and Management Team with a view to, inter alia, promoting the diversification of the origin of vendors among all Member States, including developing countries and countries with economies in transition, simplifying vendor registration, managing the vendor database and liaising with vendors;

41. *Approves* the resource requirements of 1,050,000 dollars proposed in the report of the Secretary-General for the Procurement Division under the support account for peacekeeping operations for the rest of the fiscal year ending 30 June 2007, as follows:

(*a*) 200,000 dollars for consultants to review industry practices and procurement models in specific industries relevant to United Nations requirements;

(*b*) 800,000 dollars for training of both Headquarters and peacekeeping mission procurement staff (640,000 dollars for consultants to organize training, 150,000 dollars for travel of staff for procurement training and 10,000 dollars for training-related supplies and materials);

(*c*) 50,000 dollars for travel in relation to business seminars;

42. *Also approves* the reclassification of the Chief of Procurement post from the D-1 to the D-2 level;

43. *Requests* the Secretary-General to comprehensively review the post and non-post requirements of the Procurement Division, taking into account General Assembly resolutions on procurement reform, including the present one, and to submit proposals based on identified requirements in the context of the budget for the support account for the period from 1 July 2007 to 30 June 2008 and the proposed programme budget for the biennium 2008-2009.

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22 December 2006